

REPORT / RECOMMENDATION



To: MAYOR AND COUNCIL

Agenda Item #: VIII. D.

From: John Wallin, Finance Director

Action ☒

Discussion ☐

Date: May 20, 2014

Information ☐

Subject: Resolution No. 2014-59 Providing For The Sale Of Public Project Revenue Bonds, Series 2014 and Resolution No. 2014-60 For The Sale Of General Obligation Utility Revenue Bonds, Series 2014A

Action Requested:

Adopt Resolution No. 2014-59 Providing for the Sale of \$16,360,000 Public Project Revenue Bonds, Series 2014 and Resolution No. 2014-60 Providing for the Sale of \$5,925,000 General Obligation Utility Revenue Bonds, Series 2014A

Information / Background:

The \$16,360,000 Public Project Revenue Bonds, Series 2014 has two purposes: 1) \$12,445 million is for the construction of a Sports Dome, a new Braemar Outdoor Ice Rink and Braemar refrigeration system improvements and 2) \$3.2 million Pamela Park improvements to renovate fields, parking, trails and a reconstructed shelter building. The Housing Redevelopment Authority would issue the proposed debt, however, because the City of Edina would be the credit for the payment of the debt the City Council would be appropriate to act on the attached resolution.

The \$5,925,000 General Obligation Utility Revenue Bonds, Series 2014A is to finance various water and storm water projects mostly as part of the street reconstruction projects. This bond is in accordance with the City's Utility Rate Study.

The results of the bond sale will be presented to the City Council at the June 17 Council meeting by the City's Financial Advisors Ehlers Inc.

ATTACHMENT:

Resolution 2014-59

Resolution 2014-60

Pre-Sale Report for \$16,360,000 Public Project Revenue Bonds, Series 2014

Pre-Sale Report for \$5,925,000 General Obligation Utility Revenue Bonds, Series 2014A.

Resolution No. 2014-59
Resolution Providing for the Sale of
\$16,360,000 Public Project Revenue Bonds, Series 2014

- A. WHEREAS, the City Council of the City of Edina, Minnesota has heretofore determined that it is necessary and expedient to issue the City's \$16,360,000 Public Project Revenue Bonds, Series 2014 (the "Bonds"), to finance various recreational improvement projects in the City; and
- B. WHEREAS, the City has retained Ehlers & Associates, Inc., in Roseville, Minnesota ("Ehlers"), as its independent financial advisor for the Bonds and is therefore authorized to solicit proposals in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(9);

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Edina, Minnesota, as follows:

1. Authorization; Findings. The City Council hereby authorizes Ehlers to solicit proposals for the sale of the Bonds.
2. Meeting; Proposal Opening. The City Council shall meet at 7:00 on June 17, 2014, for the purpose of considering sealed proposals for and awarding the sale of the Bonds.
3. Official Statement. In connection with said sale, the officers or employees of the City are hereby authorized to cooperate with Ehlers and participate in the preparation of an official statement for the Bonds and to execute and deliver it on behalf of the City upon its completion.

Approved this 20th day of May, 2014.

Attest: _____
Debra A. Mangen, City Clerk

James B. Hovland, Mayor

STATE OF MINNESOTA)
COUNTY OF HENNEPIN) SS
CITY OF EDINA)

CERTIFICATE OF CITY CLERK

I, the undersigned duly appointed and acting City Clerk for the City of Edina do hereby certify that the attached and foregoing Resolution was duly adopted by the Edina City Council at its Regular Meeting of May 20, 2014 and as recorded in the Minutes of said Regular Meeting.

WITNESS my hand and seal of said City this _____ day of _____, 20____.

City Clerk

Resolution No. 2014-60
Resolution Providing for the Sale of
\$5,925,000 General Obligation Utility Revenue Bonds, Series 2014A

- A. WHEREAS, the City Council of the City of Edina, Minnesota has heretofore determined that it is necessary and expedient to issue the City's \$5,925,000 General Obligation Utility Revenue Bonds, Series 2014A (the "Bonds"), to finance water and storm sewer improvement projects in the City; and
- B. WHEREAS, the City has retained Ehlers & Associates, Inc., in Roseville, Minnesota ("Ehlers"), as its independent financial advisor for the Bonds and is therefore authorized to solicit proposals in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(9);

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Edina, Minnesota, as follows:

1. Authorization; Findings. The City Council hereby authorizes Ehlers to solicit proposals for the sale of the Bonds.
2. Meeting; Proposal Opening. The City Council shall meet at 7:00 on June 17, 2014, for the purpose of considering sealed proposals for and awarding the sale of the Bonds.
3. Official Statement. In connection with said sale, the officers or employees of the City are hereby authorized to cooperate with Ehlers and participate in the preparation of an official statement for the Bonds and to execute and deliver it on behalf of the City upon its completion.

Approved this 20th day of May, 2014.

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Debra A. Mangen, City Clerk

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STATE OF MINNESOTA)
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CERTIFICATE OF CITY CLERK

I, the undersigned duly appointed and acting City Clerk for the City of Edina do hereby certify that the attached and foregoing Resolution was duly adopted by the Edina City Council at its Regular Meeting of May 20, 2014 and as recorded in the Minutes of said Regular Meeting.

WITNESS my hand and seal of said City this _____ day of _____, 20____.

City Clerk

May 20, 2014

Pre-Sale Report

Edina Housing and Redevelopment Authority,
Minnesota

\$16,360,000 Public Project Revenue Bonds, Series 2014



Prepared by:

Mark Ruff
Senior Financial Advisor

And

Nick Anhut
Financial Specialist

Executive Summary of Proposed Debt

Proposed Issue:	\$16,360,000 Public Project Revenue Bonds, Series 2014.
Purposes:	<p>The proposed issue includes financing for the following purposes:</p> <ul style="list-style-type: none"> • \$12,445,000 in construction costs of the Edina Sports Dome, Braemar Outdoor Ice Rink, and Braemar refrigeration system Improvements. • \$3,200,000 in Pamela Park Improvements to renovate fields, parking and trails. <p>Debt service will be paid from property taxes, structured as annually appropriated lease payments from the City to the Authority in an amount sufficient to support the debt payments. This structure is similar to the Authority's outstanding debt for gymnasiums.</p> <p>This issue is subject to the statutory debt limit of 3% of the City's estimated market values. Including this issue, the City has over \$218 million in capacity remaining.</p>
Authority:	The Bonds are being issued pursuant to Minnesota Statutes, Chapter 465.71.
Term/Call Feature:	<p>The Bonds are being issued for a 21 year term. Principal on the Bonds will be due on February 1 in the years 2016 through 2035. Interest is payable every six months beginning February 1, 2015. Approximately \$307,000 in capitalized interest is included within the financing for this initial payment.</p> <p>The Bonds maturing on and after February 1, 2025 will be subject to prepayment at the discretion of the Authority on February 1, 2024 or any date thereafter.</p>
Bank Qualification:	Because the Authority is issuing more than \$10,000,000 in tax-exempt obligations during the calendar year, the Authority will be not able to designate the Bonds as "bank qualified" obligations.
Rating:	The Authority's most recent bond issues were rated "AA+" by Standard & Poor's and "Aa1" by Moody's. Both agencies set their ratings one notch below that of the City's General Obligation debt due to the perceived risk associated with an annual appropriation pledge. The Authority will request a new rating for the Bonds.
Method of Sale/Placement:	<p>A Minnesota city recently defaulted on annual appropriation bonds for an ice arena/dome facility. Ehlers has discussed the market's appetite for annual appropriation debt to finance recreational facilities with various investment bankers and underwriters. While we do expect some moderate resistance due to the recreational use of the funds, Edina's strong credit rating and history of successful recreational enterprises mitigates the risk.</p> <p>In order to obtain the lowest interest cost to the Authority we will solicit competitive bids for purchase of the Bonds from local banks, national banks</p>



	<p>and broker/dealers, and regional underwriters. If an acceptable bid is not received on the sale day, we may recommend that the HRA reject the bids and seek to negotiate the bonds directly with a firm.</p> <p>We have included an allowance for discount bidding equal to 1.5% of the principal amount of the issue. The discount is treated as an interest item and provides the underwriter with all or a portion of their compensation in the transaction. If the Bonds are purchased at a price greater than the minimum bid amount (maximum discount), the unused allowance may be used to lower your borrowing amount.</p> <p>Premium Bids: The current generational low in interest rates has caused concerns amongst investors as to the impacts to the value of existing bonds in the case interest rates generally increase in the future. When interest rates rise, the value of existing bonds generally falls. In order to mitigate the decline in value of existing bonds, many investors are demanding “premium” pricing structures. A premium is achieved when the coupon for any maturity exceeds the yield, resulting in a price greater than the face value.</p> <p>The amount of the premium varies, but it is not uncommon to see premiums for new issues in the range of 2.00% to 10.00% of the face amount of the issue. This means that an issuer with a \$2,000,000 offering may receive bids that result in proceeds of \$2,040,000 to \$2,200,000.</p> <p>For this issue of Bonds we can be directed to use the premium to reduce the size of the issue or increase the net proceeds for the project. The adjustments may slightly change the true interest cost of the original bid, either up or down.</p> <p>You have the choice to limit the amount of premium in the bid specifications. This may result in fewer bids, but it may also eliminate large adjustments on the day of sale and other uncertainties.</p>
Review of Existing Debt:	<p>We have reviewed all outstanding indebtedness for the Authority and find that there are no significant refunding opportunities at this time. The Authority’s debt for the gymnasiums may be considered for a refunding in early 2015.</p> <p>We will continue to monitor the market and the call dates for the Authority’s outstanding debt and will alert you to any future refunding opportunities.</p>
Continuing Disclosure:	<p>Because the Authority has more than \$10,000,000 in outstanding debt (including this issue) and this issue is over \$1,000,000, the Authority will be agreeing to provide certain updated Annual Financial Information and its Audited Financial Statement annually as well as providing notices of the occurrence of certain “material events” to the Municipal Securities Rulemaking Board (the “MSRB”), as required by rules of the Securities and Exchange Commission (SEC). The City is already obligated to provide such reports for its existing bonds, and has contracted with Ehlers to prepare and file the reports.</p>



Arbitrage Monitoring:	Because the Bonds are tax-exempt securities/tax credit securities, the Authority must ensure compliance with certain Internal Revenue Service (IRS) rules throughout the life of the issue. These rules apply to all gross proceeds of the issue, including initial bond proceeds and investment earnings in construction, escrow, debt service, and any reserve funds. How issuers spend bond proceeds and how they track interest earnings on funds (arbitrage/yield restriction compliance) are common subjects of IRS inquiries. Your specific responsibilities will be detailed in the Officers' Certificate prepared by your Bond Attorney and provided at closing. You have retained Ehlers to assist you with compliance with these rules.
Risk Factors:	City officials have indicated that the City is planning to include in its levy an amount sufficient for 100% of the debt service with the expectation that facility revenues cover operations only. Higher than expected operating costs or lower revenues may require additional resources from the city to cover operating costs.



Proposed Debt Issuance Schedule

Pre-Sale Review by HRA and City	May 20, 2014
Distribute Official Statement:	Week of June 3, 2014
Conference with Rating Agency:	Week of June 3, 2014
Meeting to Award Sale of the Bonds:	June 17, 2014
Estimated Closing Date:	July 15, 2014

Attachments

Sources and Uses of Funds

Proposed Debt Service Schedule

Resolution Authorizing Ehlers to Proceed With Bond Sale

Ehlers Contacts

Financial Advisors:	Mark Ruff	(651) 697-8505
	Nick Anhut	(651) 697-8507
Disclosure Coordinator:	Pia Troy	(651) 697-8556
Bond Sale Coordinator:	Alicia Baldwin	(651) 697-8523
Financial Analyst:	Alicia Gage	(651) 697-8551

The Official Statement for this financing will be mailed to the Council members at their home address or e-mailed for review prior to the sale date.



Edina HRA, Minnesota

\$16,360,000 Public Project Revenue Bonds, Series 2014

Issue Summary - Annual Appropriation

Assumes Current Market Non-BQ AA+ Rates plus 15bps

Total Issue Sources And Uses

Dated 07/08/2014 | Delivered 07/08/2014

	Braemar Facilities Improvements	Pamela Park Improvements	Issue Summary
Sources Of Funds			
Par Amount of Bonds	\$13,015,000.00	\$3,345,000.00	\$16,360,000.00
Total Sources	\$13,015,000.00	\$3,345,000.00	\$16,360,000.00
Uses Of Funds			
Total Underwriter's Discount (1.500%)	195,225.00	50,175.00	245,400.00
Costs of Issuance	127,286.07	32,713.93	160,000.00
Deposit to Capitalized Interest (CIF) Fund	245,634.23	63,118.90	308,753.13
Deposit to Project Construction Fund	12,445,000.00	3,200,000.00	15,645,000.00
Rounding Amount	1,854.70	(1,007.83)	846.87
Total Uses	\$13,015,000.00	\$3,345,000.00	\$16,360,000.00



Edina HRA, Minnesota

\$16,360,000 Public Project Revenue Bonds, Series 2014

Issue Summary - Annual Appropriation

Assumes Current Market Non-BQ AA+ Rates plus 15bps

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
07/08/2014	-	-	-	-	-
02/01/2015	-	-	308,753.13	308,753.13	308,753.13
08/01/2015	-	-	273,771.25	273,771.25	-
02/01/2016	630,000.00	1.200%	273,771.25	903,771.25	1,177,542.50
08/01/2016	-	-	269,991.25	269,991.25	-
02/01/2017	635,000.00	1.500%	269,991.25	904,991.25	1,174,982.50
08/01/2017	-	-	265,228.75	265,228.75	-
02/01/2018	645,000.00	1.800%	265,228.75	910,228.75	1,175,457.50
08/01/2018	-	-	259,423.75	259,423.75	-
02/01/2019	655,000.00	2.050%	259,423.75	914,423.75	1,173,847.50
08/01/2019	-	-	252,710.00	252,710.00	-
02/01/2020	670,000.00	2.400%	252,710.00	922,710.00	1,175,420.00
08/01/2020	-	-	244,670.00	244,670.00	-
02/01/2021	685,000.00	2.700%	244,670.00	929,670.00	1,174,340.00
08/01/2021	-	-	235,422.50	235,422.50	-
02/01/2022	705,000.00	2.950%	235,422.50	940,422.50	1,175,845.00
08/01/2022	-	-	225,023.75	225,023.75	-
02/01/2023	725,000.00	3.100%	225,023.75	950,023.75	1,175,047.50
08/01/2023	-	-	213,786.25	213,786.25	-
02/01/2024	745,000.00	3.300%	213,786.25	958,786.25	1,172,572.50
08/01/2024	-	-	201,493.75	201,493.75	-
02/01/2025	775,000.00	3.400%	201,493.75	976,493.75	1,177,987.50
08/01/2025	-	-	188,318.75	188,318.75	-
02/01/2026	800,000.00	3.550%	188,318.75	988,318.75	1,176,637.50
08/01/2026	-	-	174,118.75	174,118.75	-
02/01/2027	825,000.00	3.650%	174,118.75	999,118.75	1,173,237.50
08/01/2027	-	-	159,062.50	159,062.50	-
02/01/2028	855,000.00	3.800%	159,062.50	1,014,062.50	1,173,125.00
08/01/2028	-	-	142,817.50	142,817.50	-
02/01/2029	885,000.00	3.850%	142,817.50	1,027,817.50	1,170,635.00
08/01/2029	-	-	125,781.25	125,781.25	-
02/01/2030	925,000.00	3.950%	125,781.25	1,050,781.25	1,176,562.50
08/01/2030	-	-	107,512.50	107,512.50	-
02/01/2031	960,000.00	4.000%	107,512.50	1,067,512.50	1,175,025.00
08/01/2031	-	-	88,312.50	88,312.50	-
02/01/2032	1,000,000.00	4.050%	88,312.50	1,088,312.50	1,176,625.00
08/01/2032	-	-	68,062.50	68,062.50	-
02/01/2033	1,035,000.00	4.150%	68,062.50	1,103,062.50	1,171,125.00
08/01/2033	-	-	46,586.25	46,586.25	-
02/01/2034	1,080,000.00	4.200%	46,586.25	1,126,586.25	1,173,172.50
08/01/2034	-	-	23,906.25	23,906.25	-
02/01/2035	1,125,000.00	4.250%	23,906.25	1,148,906.25	1,172,812.50
Total	\$16,360,000.00	-	\$7,440,753.13	\$23,800,753.13	-

Yield Statistics

Bond Year Dollars	\$198,420.22
Average Life	12.128 Years
Average Coupon	3.7499974%
Net Interest Cost (NIC)	3.8736743%
True Interest Cost (TIC)	3.8640293%
Bond Yield for Arbitrage Purposes	3.7030171%
All Inclusive Cost (AIC)	3.9708978%

IRS Form 8038

Net Interest Cost	3.7499974%
Weighted Average Maturity	12.128 Years

Series 2014 Public Proj R | Issue Summary | 5/14/2014 | 10:06 AM



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Edina HRA, Minnesota

\$16,360,000 Public Project Revenue Bonds, Series 2014

Issue Summary - Annual Appropriation

Assumes Current Market Non-BQ AA+ Rates plus 15bps

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	CIF	Net New D/S	105% of Total
02/01/2015	-	-	308,753.13	308,753.13	(308,753.13)	-	-
02/01/2016	630,000.00	1.200%	547,542.50	1,177,542.50	-	1,177,542.50	1,236,419.63
02/01/2017	635,000.00	1.500%	539,982.50	1,174,982.50	-	1,174,982.50	1,233,731.63
02/01/2018	645,000.00	1.800%	530,457.50	1,175,457.50	-	1,175,457.50	1,234,230.38
02/01/2019	655,000.00	2.050%	518,847.50	1,173,847.50	-	1,173,847.50	1,232,539.88
02/01/2020	670,000.00	2.400%	505,420.00	1,175,420.00	-	1,175,420.00	1,234,191.00
02/01/2021	685,000.00	2.700%	489,340.00	1,174,340.00	-	1,174,340.00	1,233,057.00
02/01/2022	705,000.00	2.950%	470,845.00	1,175,845.00	-	1,175,845.00	1,234,637.25
02/01/2023	725,000.00	3.100%	450,047.50	1,175,047.50	-	1,175,047.50	1,233,799.88
02/01/2024	745,000.00	3.300%	427,572.50	1,172,572.50	-	1,172,572.50	1,231,201.13
02/01/2025	775,000.00	3.400%	402,987.50	1,177,987.50	-	1,177,987.50	1,236,886.88
02/01/2026	800,000.00	3.550%	376,637.50	1,176,637.50	-	1,176,637.50	1,235,469.38
02/01/2027	825,000.00	3.650%	348,237.50	1,173,237.50	-	1,173,237.50	1,231,899.38
02/01/2028	855,000.00	3.800%	318,125.00	1,173,125.00	-	1,173,125.00	1,231,781.25
02/01/2029	885,000.00	3.850%	285,635.00	1,170,635.00	-	1,170,635.00	1,229,166.75
02/01/2030	925,000.00	3.950%	251,562.50	1,176,562.50	-	1,176,562.50	1,235,390.63
02/01/2031	960,000.00	4.000%	215,025.00	1,175,025.00	-	1,175,025.00	1,233,776.25
02/01/2032	1,000,000.00	4.050%	176,625.00	1,176,625.00	-	1,176,625.00	1,235,456.25
02/01/2033	1,035,000.00	4.150%	136,125.00	1,171,125.00	-	1,171,125.00	1,229,681.25
02/01/2034	1,080,000.00	4.200%	93,172.50	1,173,172.50	-	1,173,172.50	1,231,831.13
02/01/2035	1,125,000.00	4.250%	47,812.50	1,172,812.50	-	1,172,812.50	1,231,453.13
Total	\$16,360,000.00	-	\$7,440,753.13	\$23,800,753.13	(308,753.13)	\$23,492,000.00	\$24,666,600.00

Significant Dates

Dated	7/08/2014
First Coupon Date	2/01/2015

Yield Statistics

Bond Year Dollars	\$198,420.22
Average Life	12.128 Years
Average Coupon	3.7499974%
Net Interest Cost (NIC)	3.8736743%
True Interest Cost (TIC)	3.8640293%
Bond Yield for Arbitrage Purposes	3.7030171%
All Inclusive Cost (AIC)	3.9708978%





EHLERS
LEADERS IN PUBLIC FINANCE

May 20, 2014

Pre-Sale Report

City of Edina, Minnesota

\$5,925,000 General Obligation Utility Revenue Bonds,
Series 2014A



Prepared by:

Mark Ruff
Senior Financial Advisor

And

Nick Anhut
Financial Specialist



Executive Summary of Proposed Debt

Proposed Issue:	\$5,925,000 General Obligation Utility Revenue Bonds, Series 2014A
Purposes:	<p>The proposed issue includes financing for the following purposes:</p> <ul style="list-style-type: none"> • \$3.5 million in Water System improvements. Debt service will be paid from water revenues. • \$2.3 million in Storm Sewer improvements. Debt service will be paid from storm sewer revenues.
Authority:	<p>The Bonds are being issued pursuant to Minnesota Statutes, Chapter(s):</p> <ul style="list-style-type: none"> • 444 • 475 <p>Chapter 444 allows cities to issue debt without limitation as long as debt service is expected to be paid from water and sewer revenues.</p> <p>The Bonds will be general obligations of the City for which its full faith, credit and taxing powers are pledged.</p>
Term/Call Feature:	<p>The Bonds are being issued for a 10 year term. Principal on the Bonds will be due on February 1 in the years 2015 through 2024. Interest is payable every six months beginning February 1, 2015.</p> <p>The Bonds maturing on and after February 1, 2023 will be subject to prepayment at the discretion of the City on February 1, 2022 or any date thereafter.</p>
Bank Qualification:	<p>Because the City and HRA are issuing, or expect to issue, more than \$10,000,000 in tax-exempt obligations during the calendar year, the City will be not able to designate the Bonds as “bank qualified” obligations. For a short-term bond issue like the Bonds, the bank qualification is not a major factor in determining the interest rates.</p>
Rating:	<p>The City’s most recent bond issues were rated “AAA” by Standard & Poor’s and “Aaa” by Moody’s. The City will request a new rating for the Bonds.</p>
Method of Sale/Placement:	<p>In order to obtain the lowest interest cost to the City, we will solicit competitive bids for purchase of the Bonds from local banks in your area and regional underwriters.</p> <p>We have included an allowance for discount bidding equal to 0.9% of the principal amount of the issue. The discount is treated as an interest item and provides the underwriter with all or a portion of their compensation in the transaction.</p> <p>If the Bonds are purchased at a price greater than the minimum bid amount (maximum discount), the unused allowance may be used to lower your</p>



	<p>borrowing amount.</p> <p>Premium Bids: The current generational low in interest rates has caused concerns amongst investors as to the impacts to the value of existing bonds in the case interest rates generally increase in the future. When interest rates rise, the value of existing bonds generally falls. In order to mitigate the decline in value of existing bonds, many investors are demanding “premium” pricing structures. A premium is achieved when the coupon for any maturity exceeds the yield, resulting in a price greater than the face value.</p> <p>The amount of the premium varies, but it is not uncommon to see premiums for new issues in the range of 2.00% to 10.00% of the face amount of the issue. This means that an issuer with a \$2,000,000 offering may receive bids that result in proceeds of \$2,040,000 to \$2,200,000.</p> <p>For this issue of Bonds we can be directed to use the premium to reduce the size of the issue or increase the net proceeds for the project. The adjustments may slightly change the true interest cost of the original bid, either up or down.</p> <p>You have the choice to limit the amount of premium in the bid specifications. This may result in fewer bids, but it may also eliminate large adjustments on the day of sale and other uncertainties.</p>
Review of Existing Debt:	<p>We have reviewed all outstanding indebtedness for the City and find that there are no refunding opportunities at this time other than advance refunding issues, which the City has chosen not to undertake in the past. We do expect that the City will have opportunities to refund issues for savings either later this calendar year or early in 2014.</p> <p>We will continue to monitor the market and the call dates for the City’s outstanding debt and will alert you to any future refunding opportunities.</p>
Continuing Disclosure:	<p>Because the City has more than \$10,000,000 in outstanding debt (including this issue) and this issue is over \$1,000,000, the City will be agreeing to provide certain updated Annual Financial Information and its Audited Financial Statement annually as well as providing notices of the occurrence of certain “material events” to the Municipal Securities Rulemaking Board (the “MSRB”), as required by rules of the Securities and Exchange Commission (SEC). The City is already obligated to provide such reports for its existing bonds, and has contracted with Ehlers to prepare and file the reports.</p>
Arbitrage Monitoring:	<p>Because the Bonds are tax-exempt securities/tax credit securities, the City must ensure compliance with certain Internal Revenue Service (IRS) rules throughout the life of the issue. These rules apply to all gross proceeds of the issue, including initial bond proceeds and investment earnings in construction, escrow, debt service, and any reserve funds. How issuers spend bond proceeds and how they track interest earnings on funds (arbitrage/yield restriction compliance) are common subjects of IRS inquiries. Your specific responsibilities will be detailed in the Officers’ Certificate prepared by your Bond Attorney and provided at closing. You have retained Ehlers to assist you with compliance with these rules.</p>



Risk Factors:	Utility Revenue: The City expects to pay the Bond debt service with utility funds. If utility revenue is inadequate, the City may have to levy taxes to pay debt service on the Bonds.
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Proposed Debt Issuance Schedule

Pre-Sale Review by City Council	May 20, 2014
Distribute Official Statement:	Week of June 3, 2014
Conference with Rating Agency:	Week of June 3, 2014
City Council Meeting to Award Sale of the Bonds:	June 17, 2014
Estimated Closing Date:	July 8, 2014

Attachments

Sources and Uses of Funds

Proposed Debt Service Schedule

Resolution Authorizing Ehlers to Proceed With Bond Sale

Ehlers Contacts

Financial Advisors:	Mark Ruff	(651) 697-8505
	Nick Anhut	(651) 697-8507
Disclosure Coordinator:	Pia Troy	(651) 697-8556
Bond Sale Coordinator:	Alicia Baldwin	(651) 697-8523
Financial Analyst:	Alicia Gage	(651) 697-8551

The Official Statement for this financing will be mailed to the City Council at their home address or e-mailed for review prior to the sale date.



City of Edina, Minnesota

\$5,925,000 General Obligation Utility Revenue Bonds, Series 2014

Issue Summary

Assumes Current Market Non-BQ AAA Rates plus 15bps

Total Issue Sources And Uses

Dated 07/08/2014 | Delivered 07/08/2014

	Water	Storm Sewer	Issue Summary
Sources Of Funds			
Par Amount of Bonds	\$3,580,000.00	\$2,345,000.00	\$5,925,000.00
Total Sources	\$3,580,000.00	\$2,345,000.00	\$5,925,000.00
Uses Of Funds			
Total Underwriter's Discount (0.900%)	32,220.00	21,105.00	53,325.00
Costs of Issuance	42,899.57	28,100.43	71,000.00
Deposit to Project Construction Fund	3,500,000.00	2,300,000.00	5,800,000.00
Rounding Amount	4,880.43	(4,205.43)	675.00
Total Uses	\$3,580,000.00	\$2,345,000.00	\$5,925,000.00



City of Edina, Minnesota

\$5,925,000 General Obligation Utility Revenue Bonds, Series 2014

Issue Summary

Assumes Current Market Non-BQ AAA Rates plus 15bps

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
07/08/2014	-	-	-	-	-
02/01/2015	605,000.00	0.300%	52,459.99	657,459.99	657,459.99
08/01/2015	-	-	45,608.75	45,608.75	-
02/01/2016	565,000.00	0.550%	45,608.75	610,608.75	656,217.50
08/01/2016	-	-	44,055.00	44,055.00	-
02/01/2017	565,000.00	0.850%	44,055.00	609,055.00	653,110.00
08/01/2017	-	-	41,653.75	41,653.75	-
02/01/2018	570,000.00	1.150%	41,653.75	611,653.75	653,307.50
08/01/2018	-	-	38,376.25	38,376.25	-
02/01/2019	580,000.00	1.450%	38,376.25	618,376.25	656,752.50
08/01/2019	-	-	34,171.25	34,171.25	-
02/01/2020	585,000.00	1.800%	34,171.25	619,171.25	653,342.50
08/01/2020	-	-	28,906.25	28,906.25	-
02/01/2021	595,000.00	2.050%	28,906.25	623,906.25	652,812.50
08/01/2021	-	-	22,807.50	22,807.50	-
02/01/2022	605,000.00	2.300%	22,807.50	627,807.50	650,615.00
08/01/2022	-	-	15,850.00	15,850.00	-
02/01/2023	620,000.00	2.450%	15,850.00	635,850.00	651,700.00
08/01/2023	-	-	8,255.00	8,255.00	-
02/01/2024	635,000.00	2.600%	8,255.00	643,255.00	651,510.00
Total	\$5,925,000.00	-	\$611,827.49	\$6,536,827.49	-

Yield Statistics

Bond Year Dollars	\$30,471.04
Average Life	5.143 Years
Average Coupon	2.0078982%
Net Interest Cost (NIC)	2.1829004%
True Interest Cost (TIC)	2.1820068%
Bond Yield for Arbitrage Purposes	1.9941478%
All Inclusive Cost (AIC)	2.4360178%

IRS Form 8038

Net Interest Cost	2.0078982%
Weighted Average Maturity	5.143 Years

City of Edina, Minnesota

\$3,580,000 General Obligation Utility Revenue Bonds, Series 2014

Water

Assumes Current Market Non-BQ AAA Rates plus 15bps

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
07/08/2014	-	-	-	-	-
02/01/2015	365,000.00	0.300%	31,724.39	396,724.39	396,724.39
08/01/2015	-	-	27,582.50	27,582.50	-
02/01/2016	340,000.00	0.550%	27,582.50	367,582.50	395,165.00
08/01/2016	-	-	26,647.50	26,647.50	-
02/01/2017	340,000.00	0.850%	26,647.50	366,647.50	393,295.00
08/01/2017	-	-	25,202.50	25,202.50	-
02/01/2018	345,000.00	1.150%	25,202.50	370,202.50	395,405.00
08/01/2018	-	-	23,218.75	23,218.75	-
02/01/2019	350,000.00	1.450%	23,218.75	373,218.75	396,437.50
08/01/2019	-	-	20,681.25	20,681.25	-
02/01/2020	355,000.00	1.800%	20,681.25	375,681.25	396,362.50
08/01/2020	-	-	17,486.25	17,486.25	-
02/01/2021	360,000.00	2.050%	17,486.25	377,486.25	394,972.50
08/01/2021	-	-	13,796.25	13,796.25	-
02/01/2022	365,000.00	2.300%	13,796.25	378,796.25	392,592.50
08/01/2022	-	-	9,598.75	9,598.75	-
02/01/2023	375,000.00	2.450%	9,598.75	384,598.75	394,197.50
08/01/2023	-	-	5,005.00	5,005.00	-
02/01/2024	385,000.00	2.600%	5,005.00	390,005.00	395,010.00
Total	\$3,580,000.00	-	\$370,161.89	\$3,950,161.89	-

Yield Statistics

Bond Year Dollars	\$18,428.72
Average Life	5.148 Years
Average Coupon	2.0086140%
Net Interest Cost (NIC)	2.1834498%
True Interest Cost (TIC)	2.1825681%
Bond Yield for Arbitrage Purposes	1.9941478%
All Inclusive Cost (AIC)	2.4363504%

IRS Form 8038

Net Interest Cost	2.0086140%
Weighted Average Maturity	5.148 Years



City of Edina, Minnesota

\$2,345,000 General Obligation Utility Revenue Bonds, Series 2014

Storm Sewer

Assumes Current Market Non-BQ AAA Rates plus 15bps

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
07/08/2014	-	-	-	-	-
02/01/2015	240,000.00	0.300%	20,735.60	260,735.60	260,735.60
08/01/2015	-	-	18,026.25	18,026.25	-
02/01/2016	225,000.00	0.550%	18,026.25	243,026.25	261,052.50
08/01/2016	-	-	17,407.50	17,407.50	-
02/01/2017	225,000.00	0.850%	17,407.50	242,407.50	259,815.00
08/01/2017	-	-	16,451.25	16,451.25	-
02/01/2018	225,000.00	1.150%	16,451.25	241,451.25	257,902.50
08/01/2018	-	-	15,157.50	15,157.50	-
02/01/2019	230,000.00	1.450%	15,157.50	245,157.50	260,315.00
08/01/2019	-	-	13,490.00	13,490.00	-
02/01/2020	230,000.00	1.800%	13,490.00	243,490.00	256,980.00
08/01/2020	-	-	11,420.00	11,420.00	-
02/01/2021	235,000.00	2.050%	11,420.00	246,420.00	257,840.00
08/01/2021	-	-	9,011.25	9,011.25	-
02/01/2022	240,000.00	2.300%	9,011.25	249,011.25	258,022.50
08/01/2022	-	-	6,251.25	6,251.25	-
02/01/2023	245,000.00	2.450%	6,251.25	251,251.25	257,502.50
08/01/2023	-	-	3,250.00	3,250.00	-
02/01/2024	250,000.00	2.600%	3,250.00	253,250.00	256,500.00
Total	\$2,345,000.00	-	\$241,665.60	\$2,586,665.60	-

Yield Statistics

Bond Year Dollars	\$12,042.32
Average Life	5.135 Years
Average Coupon	2.0068028%
Net Interest Cost (NIC)	2.1820597%
True Interest Cost (TIC)	2.1811480%
Bond Yield for Arbitrage Purposes	1.9941478%
All Inclusive Cost (AIC)	2.4355089%

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Net Interest Cost	2.0068028%
Weighted Average Maturity	5.135 Years

